

Council/Agency Meeting Held: _____	City Clerk's Signature _____
Deferred/Continued to: _____	
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	
Council Meeting Date: 6/16/2008	Department ID Number: FN 08-002

**CITY OF HUNTINGTON BEACH
REQUEST FOR CITY COUNCIL ACTION**

SUBMITTED TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

SUBMITTED BY: PAUL EMERY, INTERIM CITY ADMINISTRATOR

PREPARED BY: DAN T. VILLELLA, CPA, FINANCE DIRECTOR

SUBJECT: ADOPT RESOLUTION TO ESTABLISH ANNUAL APPROPRIATION
LIMIT FOR FISCAL YEAR 2008/2009

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue:

Article 13B of the State of California Constitution (the Gann Appropriation Limit) imposes upon state agencies and local government the obligation to limit each fiscal year's appropriations and requires the City of Huntington Beach to annually adopt a tax proceeds appropriation limit.

Funding Source:

Not Applicable

Recommended Action: Motion to:

Adopt Resolution Number 2008-27, "A Resolution of the City Council of the City of Huntington Beach Establishing the Appropriation Limit for Fiscal Year 2008/2009" of \$602,877,623.

Alternative Action(s):

1. Do not adopt an appropriation limit in which case the prior year limit applies.
2. Adopt the limit with different factors.

Analysis:

In November 1979, the California voters approved Article 13B of the State of California Constitution, which allows the city's spending of tax proceeds to increase only by factors from the base year of 1978-1979. In June 1990, Proposition 111 was passed which changed the way the limit is calculated and is outlined as follows.

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Analysis Continued:

The city may increase its limit annually in two ways:

- By a percentage equal to the increase from the preceding year in county or city population (whichever is greater)
- By an amount equal to the change in per capita personal income in California or the change in the assessment roll over the preceding year due to the addition of local nonresidential new construction (whichever is greater)

For this year's calculation, the 1.03 percent increase in County population was greater than the increase in the city's population of 0.34 percent. The 5.56 percent increase in the assessment roll from the addition of local nonresidential construction was greater than the 4.29 percent increase in per capita personal income.

The proposed appropriation limit for Fiscal Year 2008/2009 was calculated as follows:

Fiscal Year 2007/2008 Adopted Appropriation Limit	\$565,300,579
Multiplied by change in assessment roll from addition of local nonresidential construction	1.0556
Multiplied by change in county population	1.0103
Proposed Fiscal Year 2008/2009 Appropriation Limit	<u>\$602,877,623</u>

Appropriations of revenues controlled by the Gann Limit are primarily in the General Fund. General Fund appropriations for Fiscal Year 2008/2009 are expected to be significantly below the amount set as the city's appropriation limit.

Examples of proceeds of taxes governed by the Gann Appropriation limit are: property taxes, sales taxes, utility taxes, state subventions, fines, forfeitures, interest revenue on regulatory licenses, user charges, and user fees to the extent that those proceeds exceed the costs reasonably borne by that entity in providing the regulation, product, or service.

Strategic Plan Goal:

Financial - Fully understand the financial implications of financial decisions before they are made, and recognize and disclose fiscal impacts of the pension crisis.

Environmental Status: Not Applicable

Attachment(s):

City Clerk's Page Number	No.	Description
3	1.	Resolution Number 2008-27, "A Resolution of the City Council of the City of Huntington Beach Establishing the Appropriation Limit for Fiscal Year 2008/2009."

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ATTACHMENT #1

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RESOLUTION NO. 2008-27

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF HUNTINGTON BEACH ESTABLISHING THE
APPROPRIATION LIMIT FOR FISCAL YEAR 2008-2009

WHEREAS, Article 13B of the California Constitution imposes upon state agencies and local governments the obligation to limit each fiscal year's appropriations of the proceeds from taxes to the amount of such appropriations in fiscal year 1978/1979, adjusted for changes as prescribed under the law,

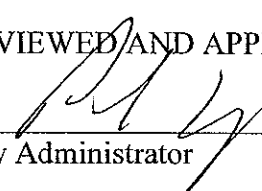
NOW, THEREFORE, the City Council of the City of Huntington Beach does hereby resolve as follows:

SECTION 1. In compliance with the provisions of Article 13B of the California Constitution and the formula set out therein, there is hereby established an appropriation limit of \$602,877,623 for the fiscal year 2008-2009.

PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting thereof held on the _____ day of _____, 2008.

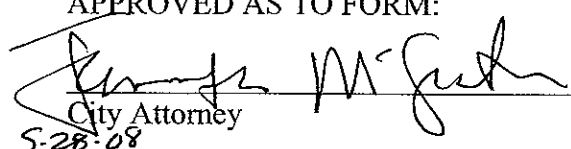
Mayor

REVIEWED AND APPROVED:



City Administrator

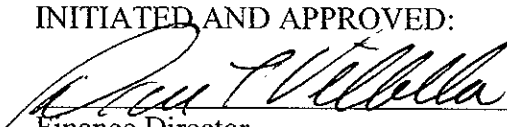
APPROVED AS TO FORM:



City Attorney
5-28-08

KC
5/27/08

INITIATED AND APPROVED:



Finance Director

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